The MOVE Act

Real Progress for America's Minority Owned Businesses

Current Problem in the 8(a) Program	Solution in The MOVE Act
Net Worth restrictions are too low: Net worth must be less than $250K to enter the 8(a) program, and if net worth exceeds $750K they're kicked out.	The MOVE Act requires that SBA establish criteria upon which to base net worth restrictions that take into account <u>the capital needs of different industries</u>. But in no case shall the SBA's net worth restriction be less than $750,000. Further, the net worth restriction shall no longer be considered a potential factor for removing a business from the program.
9-year maximum limit in participating in the program.	Initial formalized training period, then a 10-year participation period, then remaining a "small disadvantaged business."
Due to the complicated and competitive nature of the application process, only the already-successful businesses end up getting contracts.	Formalized training period ensures that every business in the program understands the procurement process.
8(a) participants are limited to small contracts: $3 million maximum for sole source contracts and $5 million for competitive contracts.	Companies will be eligible to receive 8(a) sole source contracts in the amount of $6 million, or competitive contracts in the amount of $10 million.
8(a) participants must have been in business for at least two years.	The MOVE Act repeals this requirement. Instead, the Act institutes the initial training period to ensure businesses are properly prepared to do business in the federal marketplace.
There is no transitional period after a company graduates from 8(a) to allow businesses to ease back in to the competitive federal marketplace. This results in many companies hitting their 9-year mark, being kicked out, and losing their primary revenue streams.	The legislation allows 8(a) graduates to compete as "small disadvantaged businesses" for contracts against other "small disadvantaged businesses" in industries that have historically been closed to them.

Source: The Office of U.S. Congressman John Barrow (GA-12)

The MOVE Act splits the 8(a) program into four phases: technical assistance, developmental, transitional, and post 8(a). This provides some structure to make sure 8(a) participants are in a more organized, more formal process. The final clause updates the net worth restrictions in the 8(a) program.

1. Technical Assistance:
    a. Needs assessment to determine the skills necessary for the business owner and to identify whether it is likely that the business will receive federal contracts either in their industry or in a related industry
    b. Formalized training period
    c. Businesses cannot receive 8(a) contracts during this period
2. Development Phase:
    a. Six-year phase
    b. Companies will be eligible to receive sole source contracts in the amount of $6 million, or competitive 8(a) contracts in the amount of $10 million - raised from $3 and $5 million currently.
3. Transitional Phase:
    a. Four-year phase
    b. Firms must decrease their reliance on 8(a) contracts. Businesses will continue to be eligible to receive sole source and competitive 8(a) contracts.
4. Post 8(a) Phase:
    a. After firms exit the 8(a) program, they will retain their status as "small disadvantaged businesses" indefinitely, unless there is a change in size, ownership or control of the company. They will also be eligible to compete with other "small disadvantaged businesses" for contracts, increasing the likelihood that they will be successful after their time in the program ends.
5. Net Worth Change:
    a. Currently, to be eligible for the program, a business owner must have a personal net worth less than $250,000. If at any point in time during the program, the owner's net worth exceeds $750,000, that company is forced out of the 8(a) program. This bill requires that SBA establish criteria upon which to base net worth restrictions that take into account the capital needs of different industries. But in no case shall the SBA's net worth restriction be less than $750,000. Further, the net worth restriction shall no longer be considered a potential factor for removing a business from the program.

Source: The Office of U.S. Congressman John Barrow (GA-12)